

DEPARTMENT OF REVENUE MOTOR FUELS TAX DIVISION

Purpose:

To administer the tax laws and collect the taxes due regarding

- Motor Carriers (N.C. Gen. Stat. §§ 105-449.37 – 105-449.59)
- Motor Fuels (N.C. Gen. Stat. §§ 105-449.60 – 105-449.129)
- Alternative Fuel (N.C. Gen. Stat. §§ 105-449.130 – 105-449.139)
- Inspection Tax (N.C. Gen. Stat. §§ 119-15 – 119-22)
- Ensures that all state taxes imposed under these sections of the North Carolina Revenue Laws are collected or properly assessed and billed.

Primary Responsibilities – Motor Carriers:

- Issue annual fuel licenses and decals (IFTA and/or Intrastate) to motor carriers
- Process quarterly IFTA returns
- Transmit taxes due to and receive taxes owed from other jurisdictions
- Complete IRP and IFTA audits which average 3% of registered licensees each year. IFTA also requires 15% of the audits being low-distance accounts and 25% of the audits being high-distance accounts.
- Annual motor carrier educational seminars, when the budget allows

Primary Responsibilities – Motor Fuels, Alternative Fuel, and Inspection Tax

- Examine and approve licenses and bonds for major oil companies and other taxpayers who conduct certain businesses within the State, including
 - Refiners
 - Terminal Operators
 - Suppliers
 - Importers
 - Exporters
 - Blenders
 - For-hire Motor Fuel Transporters
 - Distributors who purchase motor fuel from an elective or permissive supplier at an out-of-state terminal for import into this State
 - Providers of Alternative Fuel
 - Alternative Fuel Bulk End-User
 - Alternative Fuel Retailer
 - Kerosene Supplier, Distributor, or Terminal Operator
 - A Dyed Diesel Fuel Distributor
- Process monthly, quarterly, and yearly tax returns
- Process claims for refund
- Complete Supplier audits on a 2-year schedule

- Perform other motor fuels, alternative fuel, and inspection tax audits

Responsibilities All Tax Schedules – Requests for Review

- A taxpayer has 45 days from the mailing date of the proposed assessment or proposed denial of refund to request a Departmental review.
- If no timely request is made, the proposed assessment or proposed denial of refund becomes final.
- The Departmental review may result in granting the refund or removing the assessment, a settlement agreement, or the Department issuing a notice of final determination which explains the basis of the determination if the taxpayer's objection cannot be resolved.
- A taxpayer who disagrees with a notice of final determination may contest the determination by filing a petition for contested case hearing at the Office of Administrative Hearings.

Revenue

- The Division collects approximately \$1.6 billion in taxes each year.
- The taxes collected are primarily distributed to the Highway Fund (75%) and the Highway Trust Fund (25%).
- Small distributions are also made to the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund, the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund, the Water and Air Quality Account, and the Wildlife Resources Funds.
- Since North Carolina is a tax-at-the-rack state, over 90% of revenue collected is from the major oil companies (suppliers).

Below you will find a report of the collections by fiscal year.

Net Revenue

	Budget Code	FY 09-10	FY 08-09	FY 07-08	FY 06-07	FY 05-06
General Fund Inspection Tax	19954	\$1,002,905	\$901,426	\$784,734	\$913,976	\$1,040,606
Motor Fuels Tax	80000	\$1,144,056,963	\$1,117,851,170	\$1,166,972,974	\$1,186,685,146	\$1,099,269,229
Highway Fund Inspection Tax	80004	\$14,105,867	\$13,674,635	\$14,200,122	\$14,907,956	\$14,577,283
Water & Air Quality Account	24301	\$8,067,104	\$7,918,867	\$8,290,772	\$8,400,152	\$9,013,329
Commercial LUST Cleanup Fund	64305	\$15,326,206	\$1,504,580	\$15,751,141	\$15,958,944	\$17,123,883
Non-Commercial LUST Cleanup Fund	64305	\$2,421,422	\$2,376,927	\$2,488,558	\$2,521,390	\$2,705,441
Highway Trust Fund	84201	\$382,078,920	\$372,984,161	\$389,156,771	\$395,640,068	\$366,469,374
Total		\$1,567,059,387	\$1,517,211,765	\$1,597,645,072	\$1,625,027,632	\$1,510,199,146

Revenue's Proactive Steps For Savings

The Department of Revenue has taken proactive steps to reduce expenditures in the last few years. Motor Fuels vacancies have been frozen by the agency outside of the Government mandate to freeze vacant positions thus the reason for the positions that have been vacant for 800, 900 and 1,000 days. Expenses in 2009-10 were 79.5% of budget, while 2008-09 was 86.6%, 2007-08 87.1%, and 2006-07 89.3% of budget.